



Texas General Land Office Information Sessions

Royalty Reporting Changes

(GLO-1s, -2s & -3s)

February 23, 2010, Austin
February 24, 2010, Houston

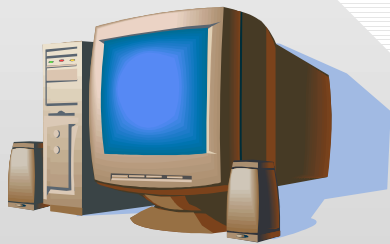
Agenda

- Reasons for system consolidation & upgrade project
- Project goals
- Timeline of activities
- Upcoming upgrades & changes
- Reporting control & change management
- Q&A

HOW DID WE GET HERE?

- Reasons for Project -

In 1998, the GLO introduced Electronic Reporting



Reporting
Company

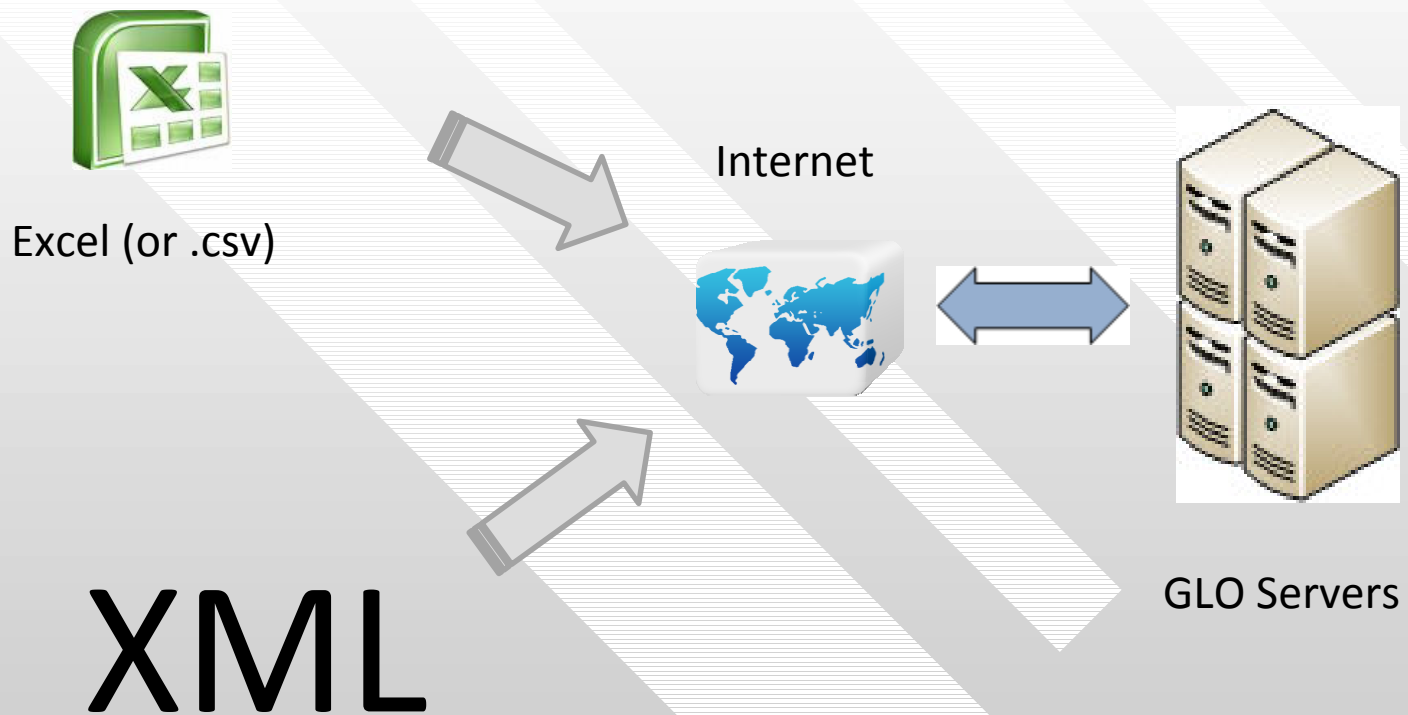


Excel (or .csv)



GLO Servers

Adoption of Latest Technologies



New Technologies Used To ...

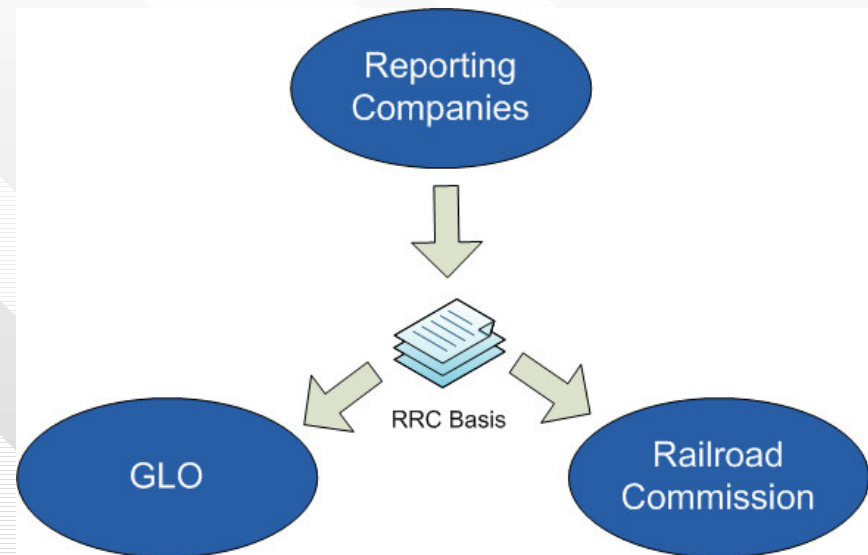
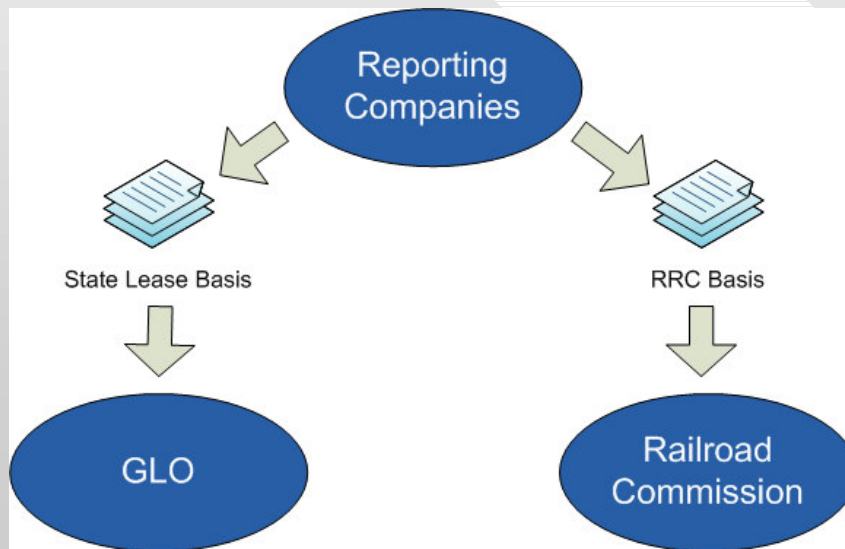
- Streamline Business Processes
- Eliminate Common Reporting Errors
- Improve Data Quality
- Improve System Performance
- Provide New Features

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PROJECT GOALS

Implement RRC Level Reporting

Old...



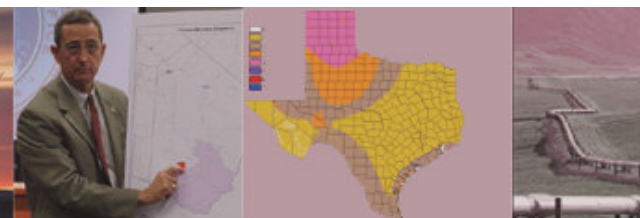
...New

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Improve the User Experience for Filing Reports and Reviewing Activity

Texas General Land Office

Royalty Reporting System



Royalty Reporting Customer Account Summary

[SUBMIT GLO-1](#)[SUBMIT GLO-2](#)[SUBMIT GLO-3](#)[PAY ROYALTY ONLINE](#)[VIEW ACTIVITY REPORTS](#)[SUBMIT WELL STATUS](#)[CONTACT US](#)[ACCOUNT PROFILE](#)

Brooks County Oil Company

ID: C000043559

Address: P.O. Box 101
Falfurrias, TX 78355

Phone Number: (361) 555-1212

Reports Past Due

Mineral File Number	RRC Number	Due Date	Report Type
MF106975	02-223389	Jan-2010	GLO-1

Reports Due

Mineral File Number	RRC Number	Due Date	Report Type
MF106975	02-223389	Feb-2010	GLO-1
MF097181	03-164265	Feb-2010	GLO-2
MF097181	03-165584	Feb-2010	GLO-2
MF097184	03-165589	Feb-2010	GLO-2
MF097199	03-165123	Feb-2010	GLO-2
MF097234	03-167653	Feb-2010	GLO-2
MF097323	03-198743	Feb-2010	GLO-2
MF097235	03-139735	Feb-2010	GLO-2
MF097238	03-139799	Feb-2010	GLO-2
MF097873	03-139343	Feb-2010	GLO-2

[1-10](#) [11-20](#) [21-30](#) [31-40](#) [41-50](#) [51-60](#) [61-70](#) [71-77](#)

Clicking on a column header will re-sort the reports due.

Other Goals

- Minimize Royalty Due vs. Amount Paid discrepancies
- Reduce filing errors
- Streamline compliance process
- Improve accounting and allocations
- Implement zero balance GLO-3s

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TIMELINE FOR IMPLEMENTATION

ROYALTY REPORTING



- Internal Application Development to start 4/1/10
- Testing of components begins 8/1/10
- UAT of components begins 8/31/10
- All testing completed by 1/31/11
- Implementation in 2/11

IMPORTANT!

What is currently being submitted to
the GLO does not change until
implementation in February 2011

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UPCOMING UPGRADES & CHANGES

Field Changes for the GLO-1/2/3

Field	GLO-1	GLO-2	GLO-3
Tract Number	Deleted	Deleted	N/A
Amended Report Ban	Deleted	Deleted	N/A
Amended Report Date	Deleted	Deleted	N/A
Amended Report Number	Deleted	Deleted	N/A
Sweet & Sour Grade percentage	Deleted	N/A	N/A
Amended Report	Deleted	Deleted	N/A
GLO In-Kind volume	Deleted	Deleted	N/A
Entitlement question	N/A	Deleted	N/A
Well Separation and Extraction Loss	N/A	Deleted	N/A
Type of Report	*Changed	*Changed	N/A
Tract Participation Factor	Added	Added	N/A
Original Report	Added	Added	N/A
Is this a sale to an affiliated entity	Added	Added	N/A
Is this an Operator Report	Added	Added	N/A
Does the GLO Take Its Oil In-Kind	Added	N/A	N/A
Drip Oil	Added	N/A	N/A
API Number	Added	Added	N/A
Comments	Added	Added	N/A
Does the GLO Take Its Gas In-Kind	N/A	Added	N/A
CO2 Vented Flared	N/A	Added	N/A
H2S Vented Flared	N/A	Added	N/A
Flash Gas	N/A	Added	N/A
RRC Oil District and Lease #	*Changed	*Changed	Added
RRC Gas District and Well ID	*Changed	*Changed	Added
RRC Drilling Permit Number	Added	Added	Added

PPA/Amendments

- Implement a Reverse and Re-booking process
- All PPAs will be done on GLO State lease/RRC level
- Legacy data will be amended through the new process

PPA – New Reports

	February GLO-2		March GLO-2			
Customer ID	C000046598	C000046598	C000046598	C000046598	C000046598	C000046598
Date Filed	2/12/2011	2/12/2011	3/14/2011	3/14/2011	3/14/2011	3/14/2011
State Lease #	MF108242	MF108239	MF108239	MF108239	MF108242	MF108239
RRC	04-204500	04-204501	04-204501	04-204501	04-204500	04-204501
Production Yr-Mth	201012	201012	201012	201012	201101	201101
Unitized/Non Unit	Non-Unit	Non-Unit	Non-Unit	Non-Unit	Non-Unit	Non-Unit
Original?	Yes	Yes	No	No	Yes	Yes
Reporting 8/8ths?	Yes	Yes	Yes	Yes	Yes	Yes
1A Fuel Use	50	30	-30	40	100	45
2 Transmission Line	950	670	-670	810	1900	915
1A Lease Fuel Use Royalty	\$68.75	\$41.25	(\$41.25)	\$55.00	\$137.50	\$61.88
Unit Value/MMBTU	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
BTU	1.1	1.1	1.1	1.1	1.1	1.1
Gross Value	\$275.00	\$165.00	(\$165.00)	\$220.00	\$550.00	\$247.50
2 Transmission Line Royalty	\$1,306.25	\$921.25	(\$921.25)	\$1,113.75	\$2,612.50	\$1,258.13
Unit Value/MMBTU	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
BTU	1.1	1.1	1.1	1.1	1.1	1.1
Gross Value	\$5,225.00	\$3,685.00	(\$3,685.00)	\$4,455.00	\$10,450.00	\$5,032.50
Total Royalty	\$1,375.00	\$962.50	(\$962.50)	\$1,168.75	\$2,750.00	\$1,320.00

(abbreviated GLO-2)

February GLO-3				
Customer: C000046598				
RRC	Lease	ProdYYMM	Report Type	Amount
04-204500	MF108242	201012	Gas	\$1,375.00
04-204501	MF108242	201012	Gas	\$962.50
				\$2,337.50
March GLO-3				
Customer: C000046598				
RRC	Lease	ProdYYMM	Report Type	Amount
04-204501	MF108242	201012	Gas	(\$962.50)
04-204501	MF108239	201012	Gas	\$1,168.75
04-204500	MF108242	201101	Gas	\$2,750.00
04-204501	MF108239	201101	Gas	\$1,320.00
				\$4,276.25

(abbreviated GLO-3)

PPA – Legacy Data

	November 2009 GLO-2	March 2011 GLO-2				Lease Totals
Customer ID	C000046598	C000046598	C000046598	C000046598	C000046598	
Date Filed	11/12/2009	3/13/2011	3/13/2011	3/13/2011	3/13/2011	
State Lease #	MF108242	MF108242	MF108242	MF108242	MF108242	MF108242
RRC	04-204500, 04-204501	04-204501	04-204501	04-204500	04-204501	
Production Yr-Mth	200909	200909	200909	201101	201101	200909
Unitized/Non Unit	Non-Unit	Non-Unit	Non-Unit	Non-Unit	Non-Unit	
Original?	Yes	No	No	Yes	Yes	
Reporting 8/8ths?	Yes	Yes	Yes	Yes	Yes	
1A Fuel Use	50	-5	10	90	40	55
2 Transmission Line	950	-95	135	1800	825	990
1A Lease Fuel Use Royalty	\$134.06	(\$13.41)	\$26.81	\$123.75	\$55.00	\$147.46
Unit Value/MMBTU	\$9.75	\$9.75	\$9.75	\$5.00	\$5.00	
BTU	1.1	1.1	1.1	1.1	1.1	
Gross Value	\$536.25	(\$53.63)	\$107.25	\$495.00	\$220.00	\$589.88
2 Transmission Line Royalty	\$1,306.25	(\$130.63)	\$185.63	\$2,475.00	\$1,134.38	\$1,361.25
Unit Value/MMBTU	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	
BTU	1.1	1.1	1.1	1.1	1.1	
Gross Value	\$5,225.00	(\$522.50)	\$742.50	\$9,900.00	\$4,537.50	\$5,445.00
Total Royalty	\$1,440.31	(\$144.04)	\$212.44	\$2,598.75	\$1,189.38	\$1,508.71

(abbreviated GLO-2)

November GLO-3 (2009)					
Customer: C000046598					
RRC	Lease	RRC	ProdYYMM	Report Type	Amount
N/A	MF108242	N/A	200909	Gas	\$1,440.31
					\$1,440.31
March GLO-3 (2011)					
Customer: C000046598					
RRC	Lease	RRC	ProdYYMM	Report Type	Amount
04-204501	MF108242	04-204501	200909	Gas	(\$144.04)
04-204501	MF108242	04-204501	200909	Gas	\$212.44
04-204500	MF108242	04-204500	201101	Gas	\$2,598.75
04-204501	MF108242	04-204501	201101	Gas	\$1,189.38
					\$3,856.53

(abbreviated GLO-3)

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Reporting Control & Change Management

Reporting Control

- Wells/RRC numbers must be assigned to GLO leases
- Reporting entities must register the GLO leases/RRC #s they expect to report on
- Critical success factors:
 - *The GLO will rely on its customers to review current GLO data and submit corrections/additions*
 - *Validation of GLO Lease/RRC # assignments to begin this spring/summer and will continue until implementation*

Reporting Control (continued)

- Customer activity available online
- Built-in security system to allow role-based reporting
- Will accept drilling permit number until RRC number is issued

Change Management

- COPAS Accounts articles
- Revenue Committee e-mail blasts
- “Ambassadors Group”
- GLO e-mail lists (“Customer Service Updates”)
- Industry training sessions in Austin and Houston
- COPAS National Oil and Gas Conference presentations
- Local COPAS Society presentations (Texas) upon invitation
- PASPB Education Day

GLO Contact Information

GLO Web site

<http://www.glo.state.tx.us/energy/royaltyreporting/alpsinfo.html>

Dedicated e-mail address & phone # to ask questions

[\(glo123@glo.state.tx.us\), 512-463-6850](mailto:glo123@glo.state.tx.us)

Questions & Answers